





Operating a Business in Alabama: Business Personal Property Tax


Business Essentials for State
Taxpayers (B.E.S.T.)

Rev. 12/07/2021

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B.E.S.T. Webinar Series Housekeeping Reminders

-  Everyone's lines were muted when entering the meeting. This is to prevent background noises from interrupting the presentations. Only the host is able to unmute someone.
-  Click on the Layout button to set your preferred viewing option.
-  If you would like to ask a question about the presentation, please use the Q&A box to send a question to **all panelists** (*not to a particular presenter*). We will respond to your question during the Q&A Session near the end of the agenda.
-  At the conclusion of the webinar, a short evaluation survey will open on your screen. Your feedback is important to us, so thank you in advance for responding to the survey.



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Disclaimer

The information in this presentation is intended to be an overview. It is not a comprehensive explanation of all aspects of the subject matter, does not represent legal advice, and is not legally binding on the Department. Information regarding taxes and tax administration changes frequently and should always be confirmed through a tax professional.

Please refer to the Alabama Department of Revenue website at revenue.alabama.gov for additional information.



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Purpose of this Webinar

To inform Alabama taxpayers of the requirements and guidelines for reporting taxable personal property in the state.

This presentation will cover:

- What is taxable personal property
- How and when it is to be reported
- How property tax is calculated



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What is Property (Ad Valorem) Tax?

- Ad Valorem [Latin] - According to the value of
- Tax levied according to the value of the property being taxed
- Property tax is assessed and collected at the county level in Alabama



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What Property Owned by a Business is Taxable?

- Real Property
- Motor Vehicles
- Personal Property



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What is Personal Property?

- Property not permanently affixed to, or part of, the real property
- Examples - furniture, computers and/or equipment
- Everything that is **NOT** real estate is personal property



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Who is Required to Report Personal Property?

- Every individual, firm, or corporation owning business personal property located in Alabama on October 1;
- Every owner of an aircraft based in Alabama; and
- Every holder of a permanent trailer tag issued by the State of Alabama.



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When Should Personal Property Be Reported?

- Between October 1 (lien date) and December 31
- Late returns incur a penalty and fee



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Business Personal Property

- Class II property assessed at 20% of market value
- Property tax is billed one year in arrears on October 1 and due no later than December 31
- Property located in Alabama on October 1 is taxable, unless specifically exempted



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How Do I Obtain a Business Personal Property Return Form?

- Form mailed from the local county office each year
- Local county assessing official's office
- Download the form (ADV-40) from www.revenue.alabama.gov.



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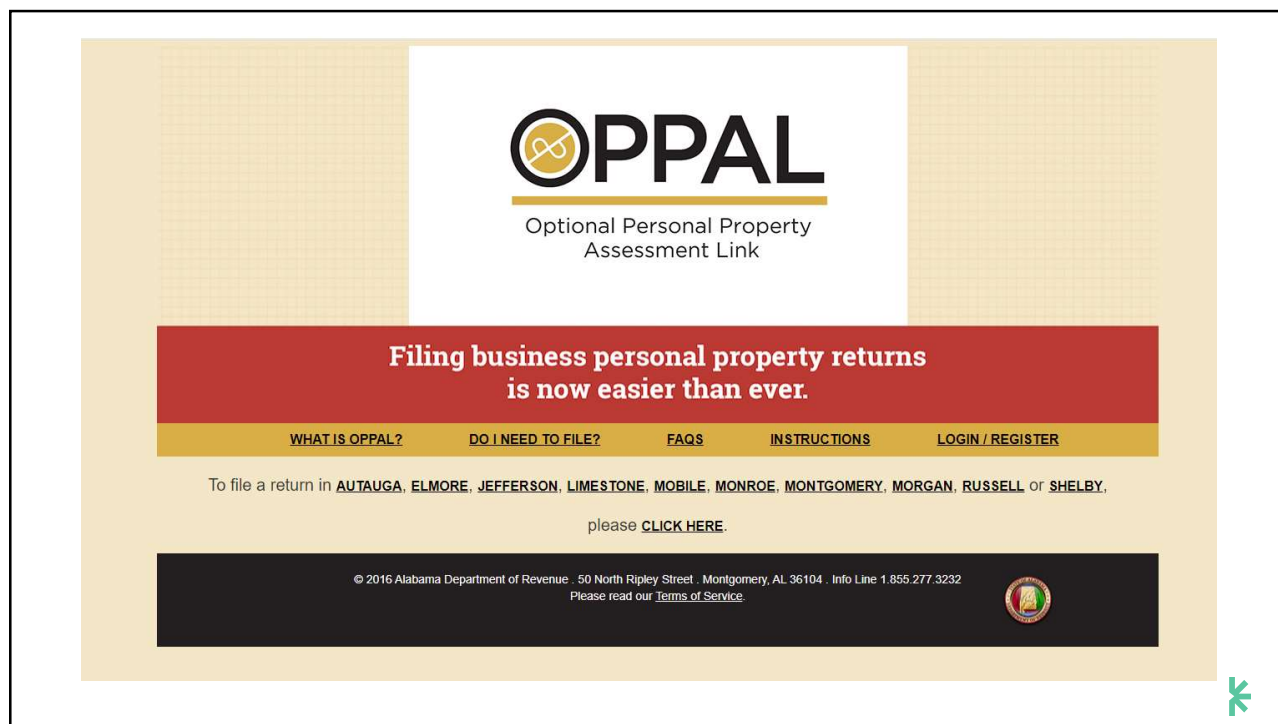
Online Filing

Available to taxpayers each year from
October 1 to January 31

OPPAL.alabama.gov



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What Should Be Included in the Itemized Listing?

- Description of the Property
- Acquisition Date of the Property
- Acquisition Cost of the Property

<u>Type of Property</u>	<u>Date Acquired</u>	<u>Acquisition Cost</u>
10 Dell Computers	05/23/2018	\$10,000
4 Dell Computers	02/12/2020	\$ 5,200

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How Is My Property Tax Calculated?

Example: Assume you have a business with a total asset market value of \$10,000 located in a city with a combined millage rate of 34.5 mills*, the taxes would be:

ASSESSED VALUE CALCULATION

<u>Property Market Value</u>		<u>Assessment Ratio</u>		<u>Assessed Value</u>
\$10,000	X	20%	=	\$2,000

PROPERTY TAX CALCULATION

<u>Property Assessed Value</u>		<u>Millage Rate (as a decimal)</u>		<u>Property Taxes</u>
\$2,000	X	0.0345	=	\$69

**Millage rates vary, depending on location. Millage rates are listed on the ALDOR website or call your local county assessing official.*



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Home Businesses

All personal property used in a home-based business, even if the same property is used personally by the homeowner.

Examples:

- A refrigerator is used for your in-home daycare. It is taxable and should be reported on your return at 100% of acquisition cost.
- Computers may be for personal and business use. They are taxable and should be reported at 100% of the acquisition cost.



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Supplies

- Stocks of goods intended to be consumed during the normal course of business. **Not** raw materials, goods in process, or inventory held for sale.
- Report either cost of supplies on hand as of October 1, or one month's average cost.
- Examples:
 - Paper used to wrap sandwiches sold by a restaurant
 - Oil used to lubricate machinery in a plant
 - Cleaning supplies used by a janitorial firm



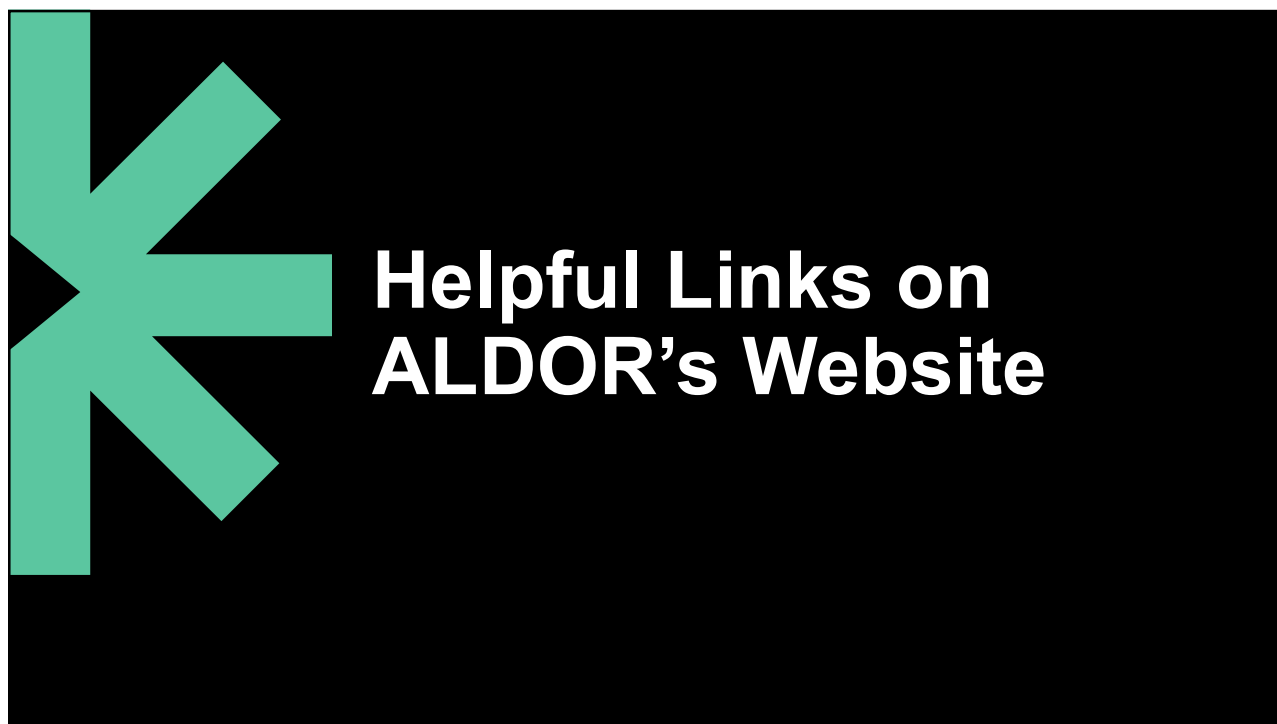
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Reminders

- Property taxed at market value as of October 1, each year
- Business Personal Property reported to local county assessing official's office (Form ADV-40) or through official websites
- All property subject to tax in Alabama must be reported annually



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Go to:

Revenue.alabama.gov

Click on “Businesses”

Alabama Department of Revenue

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Businesses Home Businesses

The quick links below have been curated specifically for **businesses** looking for information on filing taxes, obtaining licenses, registering a business, and other services provided by the Department of Revenue. The header boxes above the link lists will take you to that division's page.

COVID-19 Updates

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Temporary Service Centers

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R.E.T. Resources

Tax Incentives

Revenue as Equity

Certificate of Compliance

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Income Tax
Administers individual income tax, business privileges tax, corporate income tax, partnerships, S-Corporation, fiduciary and estate tax, financial institution, excise tax, and withholding tax.

Alabama Accountability Act

Due Dates

Corporate Taxes

Business Privilege Taxes

Withholding Tax

Partnerships, LLCs & S-Corps

Fiduciary & Estate Tax

Financial Institution Excise Tax

How to Close a Business

Assessment Procedures

Construction Employer Tax

Sales & Use
Administers, collects and enforces taxes, including sales tax and consumers tax.

Standardized Sellers Use Tax

QUICK SPOT

Sales Tax Holidays

Tax Rates

Due Dates

Assessment Procedures

How to Close a Business

Property Tax
Oversees and controls the valuation, equalization, assessment of property, and collection of all Ad Valorem taxes.

Land Sales

Tax Delinquent Property Search

OPPAL

Milleville Rate

Tax Policy and Governmental Affairs
Presents fiscal impact analyses and annual or semi-annual estimates, develops statistical summaries and analyses, and drafts legislation.

News Questionnaire

Voluntary Disclosure

Rule Hearings

Vendor Affidavit

Open Records Request Policy

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Property Tax

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Property Tax

PROPERTY TAX

Property Tax sets the standards and procedures for equalization of property values in the counties, and ensures property is taxed uniformly throughout the state. Our purpose is to improve and ensure the collection, equalization, assessment of property, and collection of all ad valorem taxes.

About Us

The Property Tax Division sets the standards and procedures for equalization of property values in the counties and ensures property is taxed uniformly throughout the state. Our purpose is to improve and ensure the collection, equalization, assessment of property, and collection of all ad valorem taxes. The Property Tax Division also ensures and oversees county assessors and their personnel, county commissioners, members of the boards of equalization, and other officials charged with mapping and appraisal duties, relating to laws, regulations, standards, and procedures governing property tax administration. The mission is to ensure the collection of Alabama tax compliance with the property tax laws, rules, and regulations is maintained in an efficient and effective manner.

All taxable real and personal property, with the exception of public utility property, is assessed on the local level at the county level with the county assessing official. The tax due for taxes is October 1 and taxes are due the following October 1.

Our Location:
300 N. State Street, Suite 900
Montgomery, AL 36102-7310
Phone: (205) 264-2100

Mailing Address:
P.O. Box 127110
Montgomery, AL 36112-7110

[Property Tax Page for Equalization](#)
[County Offices or Personal & Transient Property](#)
[AD Valuation Handbook](#)

Related Links

County Offices

Find specific information regarding your property tax appeal by county.

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Mapping GIS

Find county appraisal, assessment, maps, and property records.

Read More

Tax Delinquent Property

Submit an online application to purchase tax delinquent properties and find PDF transcripts of available properties.

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OPPAL

File business personal property returns online for free.

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Homestead

Find information on tax exemptions for single family owner occupied residential dwellings.

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Property Tax Assessment

Calculate and determine the taxes for your specific property.

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County Millage Rate

Access the millage rate reports for your county.

Read More

Current Use

Find procedures and forms for eligible taxable property based on property use value.

Read More

Go to:

<https://revenue.alabama.gov/property-tax/>

- County Offices
- OPPAL
- County Millage Rates
- Forms
- Administrative Rules
- FAQ

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Go to:

[Revenue.alabama.gov](https://revenue.alabama.gov)

Click on "FORMS".

Type the form name in the Search bar.

Alabama Department of Revenue

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ABOUT

Forms

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Forms

Access forms, form instructions, and worksheets for each tax division below. The list is currently sorted first by division and then by category. You may search for a specific form by typing in the search bar, or sort the list by clicking on any of the column headers. You may filter by division, category, and year using the dropdown menus at the bottom of the forms table.

All forms will download as a PDF. Please refer to the list of mailing addresses for the appropriate forms. For income tax form orders, please use this contact form.

Show 10 entries

Search ADV-40

Number	Title	Division	Category	Year
ADV-40 Fillable Instructions	Tangible Personal Property Return	Property Tax	Personal Property	2021
ADV-40 (Print Only)	Tangible Personal Property Return	Property Tax	Personal Property	2021
ADV-40S	Tangible Personal Property Return - Short Form	Property Tax	Personal Property	2015
Number	Title			

Showing 1 to 3 of 3 entries (filtered from 1,479 total entries)

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<https://revenue.alabama.gov/taxpayer-advocacy/b-e-s-t-seminars/b-e-s-t-webinar-schedule/>

Also available are B.E.S.T. Learning Modules at
<https://revenue.alabama.gov/taxpayer-advocacy/b-e-s-t-seminars/watch-modules-online/>



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Questions?

Please use the Q&A feature in Webex to ask
the presenter questions.



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